Microsoft Corporation v Yong Wai Hong

COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NO W-02–1057 OF 2003
GOPAL SRI RAM, RAUS SHARIF AND ZAINUN ALI JJCA
7 APRIL 2008

Civil Procedure — Appeal — Summary judgment — Application for summons for judgment — Whether raised bona fide dispute of facts — Whether grant of leave to defend warranted

Civil Procedure — Injunction — Perpetual injunction — Whether ought to be granted on a summons for judgment — Whether O 29 of the Rules of the High Court 1980 prohibits grant of final injunction on a summons for judgment

Civil Procedure — Summary judgment — Delay in application — Whether unreasonable — Whether ground for refusing relief

Copyright — Computer software programs — Ownership of copyright — Whether ownership proven — Copyright Act 1987 s 42(1)

Trade Marks — Infringement of — Ownership of trademarks — Trade Marks Act 1976 ss 36 & 37

The first and second defendants in the court below were private limited companies whereas the respondent was the third defendant. The appellant/plaintiff asserted ownership of computer software programs created by its servants or agents in the United States of America. It was the appellant's case that it discovered a website http://members.xoom.com/ultmm offering unauthorised copies of its computer programs for sale. It then lodged a complaint with the Ministry of Domestic Trade and Consumer Affairs which led the Enforcement Division of the Ministry to conduct three raids on 19 August 2000 and several of the appellant's computer programs were recovered from the possession of the first and second defendants. At the material time when the raid took place at the second defendant's premises, a Proton Wira motorcar No JEP 4706 was found outside those premises. It was registered in the respondent's name. In that car were found 100 CD-ROMs bearing the title of the appellant's

computer program 'Office 2000 Corporate Edition SR-1 Edition'. It was later ascertained that these disks did in fact contain the appellant's aforesaid computer program. The appellant also rested its case on the uncontradicted evidence establishing a close connection between the respondent and the second defendant in the action. The appellant claimed injunctive relief on a summons for final judgment against the respondent. The respondent denied that the appellant was the owner of the copyright of the intellectual property in question and that the appellant had not proved its ownership. The respondent also contended that he did not infringe nor was he involved in any infringement of the appellant's intellectual property by the first and second defendants as he had no connection with either company and thus the appellant was guilty of delay in moving for summary judgment. It was also contended that a perpetual injunction ought not to be granted on a summons for judgment. Relying on the aforesaid points as bona fide triable issues, the respondent contended that he was entitled to unconditional leave to defend the action. The learned judge agreed with him and dismissed the appellant's summons. Hence this appeal.

Held, allowing the appeal:

(1) In this instant case, the appellant filed an affidavit which complied with s 42(1) of the Copyright Act 1987. The effect of that was to provide prima facie evidence of the fact of the appellant's ownership of the copyright over the several works in question. It was then for the respondent to offer positive evidence to displace the appellant's prima facie ownership. But that was not what the respondent did. As such no triable issue was raised before the learned judge as to ownership of the copyright over the relevant works (see para 6).

(2) The appellant produced the relevant certificates of registration and their renewal for their trademark claim. By virtue of ss 36 and 37 of the Trade Marks Act 1976 the certificates of registration established the appellant's ownership of the trademarks and it was for the respondent to rebut this. However, nowhere in his pleadings or written or other evidence had the respondent done this. It followed that there was no question of any doubt being cast upon the appellant's ownership of the trademarks in question (see para 6).

(3) There was irrefutable documentary evidence showing that the respondent was involved with the first and second defendants companies in the making of stampers and other activity that was directed at the infringement of the appellant's copyright. These acts of the respondent went to show the hollowness of the respondent's claim

and lend support to the appellant's assertion that the respondent was the mastermind in acts of copyright piracy against the appellant's intellectual property (see para 7).

(4) Based on the relevant chronology, there was no unreasonable delay in the appellant's application for summary judgment. In any event, delay in moving for summary judgment was not a ground for refusing relief (see para 8); *Perkapalan Shamelin Jaya Sdn Bhd v Alpine Bulk Transport New York* [1997] 3 MLJ 818 referred.

(5) Further, the respondent's objection that a perpetual injunction ought not to be granted on a summons for judgment was without merit because by virtue of O 29 of the Rules of the High Court 1980 nothing prohibits the grant of a final injunction on a summons for judgment (see para 9).

(6) On the facts, the bare assertions made by the respondent in his affidavit to oppose the summons for judgment were insufficient to raise triable issues warranting the grant of leave to defend. Further, the respondent's assertions were contradicted by independent documentary evidence, demonstrating a want of bona fides in the points raised by him as constituting triable issues. These were matters which were plainly overlooked by the High Court when it dismissed the appellant's summons (see paras 10–11).

[Bahasa Malaysia summary

Defendan pertama dan kedua di Mahkamah Tinggi adalah syarikat sendirian berhad manakala responden adalah defendan ketiga. Perayu/plaintif menegaskan pemilikan program perisian komputer yang dicipta oleh pekerjanya atau ejennya di Amerika Syarikat. Ia adalah kes perayu bahawa ia menemui laman web http://members.xoom.com/ultmm yang menawarkan salinan program komputernya yang tidak dibenarkan untuk dijual. Perayu kemudiannya membuat aduan kepada Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna yang membawa kepada tiga serbuan oleh Bahagian Penguatkuasaan Kementerian pada 19 Ogos 2000 dan beberapa program komputer perayu ditemui daripada pemilikan defendan pertama dan kedua. Pada masa material apabila serbuan tersebut dibuat di premis defendan kedua, sebuah motokar Proton Wira No JEP 4706 dijumpai di perkarangan premis tersebut. Ia didaftarkan di atas nama responden. Di dalam kereta tersebut dijumpai 100 CD-ROM program komputer perayu bertajuk 'Office 2000 Corporate Edition SR-1 Edition'. Ia kemudiannya dipastikan bahawa cakera-cakera tersebut sebenarnya mengandungi program komputer perayu tersebut. Perayu juga bersandarkan kesnya ke atas keterangan tidak bercanggah yang membuktikan hubungan rapat di antara responden dan defendan kedua di dalam tindakan ini.

Perayu menuntut relief injunktif atas saman untuk penghakiman akhir terhadap responden. Responden menafikan bahawa perayu adalah pemilik hak cipta harta intelektual yang dipersoalkan dan bahawa perayu tidak membuktikan pemilikannya. Responden juga berhujah bahawa dia tidak melanggar atau terlibat di dalam apa-apa pelanggaran harta intelektual oleh defendan pertama dan kedua kerana dia tidak mempunyai hubungan dengan kedua-dua syarikat tersebut dan oleh itu perayu adalah bersalah terhadap kelewatan untuk memfailkan penghakiman terus. Ia juga dihujahkan bahawa injunksi berkekalan tidak patut diberikan atas saman untuk penghakiman. Bergantung kepada isu-isu di atas sebagai isu-isu bona fide yang boleh dibicarakan, responden berhujah bahawa dia berhak kepada izin tanpa syarat untuk membela tindakan ini. Hakim yang bijaksana bersetuju dengan responden dan menolak saman perayu. Maka rayuan ini.

Diputuskan, membenarkan rayuan:

(1) Dalam kes ini, perayu memfailkan afidavit yang mematuhi s 42(1) Akta Hak Cipta 1987. Kesannya adalah untuk memberikan keterangan prima facie terhadap fakta mengenai pemilikan hak cipta perayu terhadap beberapa kerja yang dipersoalkan. Selepas itu responden perlu menawarkan keterangan positif untuk menolak pemilikan prima facie perayu. Tetapi ini bukan apa yang dibuat oleh responden. Oleh itu, tiada isu yang boleh dibicarakan yang dibangkitkan di hadapan hakim yang bijaksana terhadap pemilikan hak cipta terhadap kerja-kerja yang relevan tersebut (lihat perenggan 6).

(2) Perayu mengemukakan sijil-sijil pendaftaran yang relevan dan pembaharuan mereka untuk tuntutan cap dagangan mereka. Mengikut ss 36 dan 37 Akta Cap Dagangan 1976 sijil-sijil pendaftaran membuktikan pemilikan perayu terhadap cap dagangan tersebut dan ia adalah untuk responden untuk menyangkal. Walau bagaimanapun, tidak terdapat di mana-mana di dalam plidingnya atau keterangan bertulis atau keterangan lain yang menunjukkan responden berbuat sedemikian. Oleh itu tidak terdapat persoalan terhadap apa-apa kesangsian yang terletak di atas pemilikan cap dagangan perayu yang dipersoalkan (lihat perenggan 6).

(3) Terdapat keterangan dokumentari yang tidak dinafikan yang menunjukkan bahawa responden terlibat dengan syarikat defendan pertama dan kedua di dalam membuat 'stampers' dan aktiviti lain yang menunjukkan kepada pelanggaran hak cipta perayu. Tindakan-tindakan responden ini menunjukkan tuntutan responden tidak bererti dan menyokong kepada penegasan perayu bahawa responden adalah perancang di dalam tindakan-tindakan cetak rompak hak cipta terhadap harta intelektual perayu (lihat perenggan 7).

(4) Berdasarkan kronologi yang relevan, tidak terdapat kelewatan yang tidak munasabah di dalam permohonan perayu untuk penghakiman terus. Bagaimanapun, kelewatan di dalam memfailkan penghakiman terus bukanlah alasan untuk menolak relief (lihat perenggan 8); *Perkapalan Shamelin Jaya Sdn Bhd v Alpine Bulk Transport New York* [1997] 3 MLJ 818 dirujuk.

(5) Selanjutnya, bantahan responden bahawa injunksi berkekalan tidak patut diberikan atas saman untuk penghakiman adalah tanpa merit kerana mengikut A 29 Kaedah-Kaedah Mahkamah Tinggi 1980 tiada apa-apa yang melarang pemberian injunksi muktamad atas saman untuk penghakiman (lihat perenggan 9).

(6) Atas fakta, penegasan minimum yang dibuat oleh responden di dalam afidavit untuk menentang saman untuk penghakiman tidak mencukupi untuk membangkitkan isu-isu yang boleh dibicarakan yang mewajarkan pemberian izin untuk membela. Selanjutnya, penegasan responden bercanggah dengan keterangan dokumentari bebas, yang menunjukkan kehendak bona fides di dalam poin yang dibangkitkan olehnya sebagai membentuk isu-isu yang boleh dibicarakan. Ini adalah perkara yang jelas terlepas pandang oleh Mahkamah Tinggi apabila ia menolak saman perayu (lihat perenggan 10–11).]

Notes

For a case on perpetual injunction generally, see 2(2) *Mallal's Digest* (4th Ed, 2007 Reissue) para 3539.

For cases on appeal against summary judgment, see 2(1) *Mallal's Digest* (4th Ed, 2007 Reissue) paras 1516–1523.

For cases on delay in application, see 2(3) *Mallal's Digest* (4th Ed, 2007 Reissue) paras 7199–7235.

For cases on ownership of copyright, see 3(2) *Mallal's Digest* (4th Ed, 2006 Reissue) paras 5594.

For cases on ownership of trademarks, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2008–2013.

Cases referred to

Banque de Paris et Des Pays-Bas (Suisse) SA v Costa de Naray [1984] 1 Lloyd's Rep 21 (refd)

Binariang Communications Sdn Bhd v I & P Inderawasih Jaya Sdn Bhd [2000] 3 MLJ 321 (folld)

Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors [1988] 1 MLJ 188 (folld)

Lee Teng Siong v Lee Kheng Lian [2006] 5 MLJ 609 (folld)

Perkapalan Shamelin Jaya Sdn Bhd v Alpine Bulk Transport New York [1997] 3 MLJ 818 (refd)

Shell-Mex and BP Ltd v Manchester Garages Ltd [1971] 1 All ER 841 (folld)

Legislation referred to

Copyright Act 1987 ss 42, 42(1)
Rules of the High Court 1980 O 29
Rules of the Supreme Court [UK] O 14
Trade Marks Act 1976 ss 36, 37

Appeal from: Civil Suit No D5–22–389 of 2001 (High Court, Kuala Lumpur)

Darryl Goon (Raja Eileen Soraya with him) (Raja, Darryl & Goon) for the appellant.
Jagjit Singh (Jagjit Singh & Co) for the respondent.

Gopal Sri Ram JCA (delivering judgment of the court):

[1] This appeal is directed against the order of the High Court dismissing the appellant's summons for judgment and granting the respondent unconditional leave to defend the action. It has been said often enough that this court should dissuade appeals in cases where the judge has decided that there are triable issues of fact. In this context I would merely quote what I said in *Lee Teng Siong v Lee Kheng Lian* [2006] 5 MLJ 609, a statement to which I adhere (at p 612):

> Now, let me say at once that it is the usual practice of this court to refuse to entertain appeals against the refusal of summary judgment. That practice was established in 1994 when this court was constituted. Once a judge has held that there are triable issues disclosed in the papers before him, we generally allow his view to prevail. For, upon such an appeal, we are only a court of review and it is not our function to trawl through the pleadings and scrutinise the affidavits to see if the judge was wrong. Once the High Court holds that there are triable issues of fact, it is best that the matter is left to proceed to the stage of case management and then on to its conclusion in the usual way. Indeed, this court is entitled to dismiss an appeal against an interlocutory order without hearing full argument unless some manifest injustice would ensue. An example of the exercise of this power is *SBJ Stephenson Limited v Mandy* [1999] EWCA Civ 1720, where the English Court of Appeal dismissed an appeal against the grant of an interim injunction on the ground that it would be entirely pointless and indeed wrong for there to be a debate at the appellate stage as to whether the plaintiff in that case had a seriously arguable case justifying interim relief until trial. The court accepted that it would not be a correct use of the court's time or cost efficient to enter into the merits of the appeal. The same applies in our jurisdiction.

[2] But this is not an ordinary case. Here, there is no bona fide dispute about the facts. In fact much of the factual substratum forms common ground or is indisputable. Here then are the facts. The appellant (plaintiff in

the court below) asserts ownership of computer software programs created by its servants or agents in the United States of America. It also claims ownership over six trademarks, namely, 'MICROSOFT' (in class 9 and 16), 'WINDOWS' (in class 16), its flag design, the word 'ENCARTA' and its 'OFFICE COMPATIBLE' logo (both in class 9). The respondent was the third defendant in the court below. The first and second defendants are private limited companies. They are not before us. It is the appellant's case that it discovered a website http://members.xoom.com/ultmm offering unauthorised copies of its computer programs for sale. It then lodged a complaint with the Ministry of Domestic Trade and Consumer Affairs which led the Enforcement Division of the Ministry to conduct three raids on 19 August 2000. The first of these was at the first defendant's compact disc factory; the second at the first defendant's storage facility and the third at the second defendant's premises. In consequence of these raids, the following items were recovered from the possession of the first and second defendants:

(i) eleven stampers, each of which has the capacity to produce between 50,000 to 100,000 CD-ROMs. Of these, nine were found to contain the following computer programs belonging to the appellant:

(a) Microsoft Golf 2001;

(b) Microsoft Money 2001 Standard;

(c) Microsoft Windows Millennium Edition;

(d) Microsoft Internet Explorer 3.02 Thai Version;

(e) Memphis 1546;

(f) Microsoft Visual Basic 6.0 Learning Edition;

(g) Microsoft Internet Explorer 4.0;

(h) Microsoft Front Page 2000;

(i) Microsoft Windows NT;

(j) Microsoft Internet Explorer 5.0;

(k) Microsoft Windows 95;

(l) Microsoft Windows 98;

(m) Microsoft Windows CE Toolkit for Visual Basic;

(n) Microsoft Office 95 Standard Edition — Arabic Version.

(ii) thirty seven Gold Masters compact discs, each of which contained several of the appellant's computer programs. A Gold Master is a master disc from which stampers are produced.

(iii) two hundred and ninety CD-ROMs, each containing the appellant's computer programs.

(iv) nineteen Central Processing Units of which thirteen were found to contain the appellant's computer programs.

(v) nine silk screens bearing several of the appellant's registered trademarks.

(vi) a large number of CD-ROMs with label insertions bearing the appellant's trademarks 'Windows' and/or 'Microsoft'.

(vii) a number of computer programs on CD-ROMs bearing several of the appellant's trademarks were seized.

(viii) numerous job sheets detailing the replication of large amounts of computer programs, including titles belonging to the appellant were seized. These job sheets meticulously detailed, inter alia, the titles replicated, quantities, completion dates and times, the format replicated, machine numbers and operators.

(ix) six copies of Production Replication Output Reports detailing the replication of large amounts of computer programs, including titles belonging to the appellant. The reports specified, inter alia, the date and time of replication, the quantity ordered, whether the CDs that were produced were 'good or bad' and the names of the operators of the replication machines.

[3] The following additional items were also recovered from the premises of the first and second defendants:

(i) eight other stampers carrying various titles of the appellant's computer programs;

(ii) two Singulas Replication Machines; and

(iii) delivery orders for thousands of copies of various computer programs of the appellant.

A large catalogue comprising of numerous titles of the appellant's computer programs was recovered from the second defendant's premises.

[4] The appellant's case against the respondent (third defendant) is this. At the material time, that is to say when the raid took place at the second defendant's premises, a Proton Wira motorcar No JEP 4706 was found outside those premises. It was registered in the respondent's name. In that car were found 100 CD-ROMs bearing the title of the appellant's computer program 'Office 2000 Corporate Edition SR-1 Edition'. It was later ascertained that these disks did in fact contain the appellant's aforesaid computer program. The appellant also rests its case on the uncontradicted evidence establishing a close connection between the respondent and the

second defendant in the action. The evidence comes in the form of documents recovered from the second defendant's premises. Let me cite a few examples. First, there is an invoice from a company known as Info-Search Services addressed to the respondent in which it is stated 'Being sale of the following shelf company: Esteem Region Sdn Bhd', that is to say the second defendant in the court below. This confirms that it was the respondent who acquired the second defendant. Second, there is a quotation dated 18 July 2000 from a company known as KGP Advertising Sdn Bhd addressed to the respondent for printing more than 1000 pieces of CD covers. Third, there the copies of sales records for specific periods with the respondent's name appearing on them. Based on these pieces of evidence the appellant claimed injunctive relief on a summons for final judgment against the respondent.

[5] The respondent's answers to the appellant's summons are as follows. First, he denies that the appellant is the owner of the copyright of the intellectual property in question. He adds that the appellant has not proved its ownership. Second, that he did not infringe nor was he involved in any infringement of the appellant's intellectual property by the first and second defendants as he had no connection with either company. Third, that the appellant was guilty of delay in moving for summary judgment. Fourth, that a perpetual injunction ought not to be granted on a summons for judgment. Relying on the foregoing points as bona fide triable issues the respondent argued that he was entitled to unconditional leave to defend the action. The learned judge agreed with him and dismissed the appellant's summons. Let me take each of the respondent's answers in turn.

[6] As regards ownership of the copyright in the property in question, the appellant relies on s 42 of the Copyright Act 1987 the relevant part of which provides as follows:

> (1) An affidavit or statutory declaration made before any person having authority to administer oath by or on behalf of any person claiming to be —
>
> (a) The owner of the copyright in any works eligible for copyright under this Act stating that at the time specified therein copyright subsisted in such work;
>
> (i) he or the person named therein is the owner of the copyright; and
>
> (ii) copy of the work annexed thereto is the true copy thereof ...
>
> shall be admissible in evidence in any proceedings under this Act and shall be prima facie evidence of the facts contained therein.

In the present case, the appellant filed an affidavit which complies with s 42(1) of the Copyright Act 1987. The effect of that is to provide prima facie evidence of the fact of the appellant's ownership of the copyright over the several works in question. It was then for the respondent to offer positive evidence to displace the appellant's prima facie ownership, for example, by showing that some other person is the true owner of the claimed copyright. But that, as has already been seen, is not what the defendant did. As such no triable issue was raised before the learned judge as to ownership of the copyright over the relevant works. As for the trademark claim, the appellant produced the relevant certificates of registration and their renewal. By virtue of ss 36 and 37 of the Trade Marks Act 1976 the certificates of registration establish the appellant's ownership of the trademarks and it is for the respondent to rebut this. However, nowhere in his pleadings or written or other evidence has the respondent done this. It follows that there is no question of any doubt being cast upon the appellant's ownership of the trademarks in question.

[7] As for the second issue — that of the respondent's involvement — there is irrefutable documentary evidence showing that the respondent was involved with the first and second defendants companies in the making of stampers and other activity that was directed at the infringement of the appellant's copyright. I have already adverted to the evidence that shows the respondent's role *vis a vis* the second defendant. With regard to the first defendant, there is evidence that it was registered on 23 April 1996; that the respondent was appointed as one of its directors on 27 May 1999 and that all material times he held 195,000 shares in it. The respondent's answer is that he resigned as a director and disposed of all his shares in the first defendant on 1 September 2000 and as such has no connection whatsoever with the first defendant. But it is significant: (i) that the respondent attempted to distance himself from the first defendant only some two weeks after the raid upon the latter's premises; (ii) that his wife replaced him on the board of the first defendant; (iii) that he transferred his shareholding in the first defendant to his wife; and (iv) that he divorced his wife a little while later. These acts of the respondent go to show the hollowness of the respondent's answer to the appellant's claim and lend support to the appellant's assertion that the respondent was the mastermind in acts of copyright piracy against the appellant's intellectual property.

[8] The third point raised by the respondent, namely, that the appellant had delayed in making its application for summary judgment. The relevant chronology is that the appellant delivered its statement of claim on 13 March 2001; it took out its summons for judgment on 15 June 2001, which is the date on which the respondent delivered his defence. So, the short answer is that there was no unreasonable delay. In any event, delay in moving for

summary judgment is not a ground for refusing relief. In *Perkapalan Shamelin Jaya Sdn Bhd v Alpine Bulk Transport New York* [1997] 3 MLJ 818, this court held that 'delay can surely provide no answer to an application made under O 14 where there are no bona fide triable issues'.

[9] The fourth ground of objection raised by the respondent — that a perpetual injunction ought not to be granted on a summons for judgment — is readily met by authority to the contrary. In *Shell-Mex and BP Ltd v Manchester Garages Ltd* [1971] 1 All ER 841, Lord Denning MR took the view that a plaintiff could 'go straight to the judge and ask for summary judgment under RSC O 14 for an injunction …'. Zakaria Yatim J (as he then was) acted on that authority in *Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ 188 and in *Binariang Communications Sdn Bhd v I & P Inderawasih Jaya Sdn Bhd* [2000] 3 MLJ 321, this court held that there was nothing in O 29 of the Rules of the High Court 1980 which prohibited the grant of a final injunction on a summons for judgment. In my judgment, based on the foregoing decisions there is no merit in the fourth ground of resistance offered by the respondent to the appellant's summons.

[10] In the present instance the bare assertions made in his affidavit filed in opposition to the summons for judgment are insufficient to raise a triable issue warranting the grant of leave to defend. To quote Ackner LJ in *Banque de Paris et Des Pays-Bas (Suisse) SA v Costa de Naray* [1984] 1 Lloyd's Rep 21:

> … the mere assertion in an affidavit of a given situation which is to be the basis of a defence does not, ipso facto, provide leave to defend; the court must look at the whole situation and ask itself whether the defendant has satisfied the court that there is a fair or reasonable probability of the defendant's having a real or bona fide defence.

[11] There is an added factor here. The respondent's assertions in his affidavit were contradicted by independent documentary evidence, demonstrating a want of bona fides in the points raised by him as constituting triable issues. These are matters which were plainly overlooked by the High Court when it dismissed the appellant's summons.

[12] For the reasons already given, this appeal was unanimously allowed and judgment entered against the respondent in terms of the appellant's summons.

[13] My learned brother Raus Sharif JCA and my learned sister Zainun Ali JCA have seen this judgment in draft and have expressed their agreement with it.

Appeal allowed.

Reported by Sally Kee